

Press Release

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Day 1 Compliance is not enough - post MiFID, the research world has been reset with global impact

MPI Europe, London (16/05/18): With the first quarter of business under MiFID II complete, MPI Europe, the specialist financial services consultancy, publishes results of our MiFID II Research Impact survey to assess the impact of the regulation, the approaches adopted, and the challenges being faced handling research and managing associated processes in an effective way across the market under the new regime.

Key Survey Results

- **Significant investment research impact:** Majority view confirms that MiFID is having some negative or a material negative impact on their business, particularly for investment research.
- **More change coming, day 1 compliance is only first step:** Over half of respondents believe that, despite good levels of initial compliance, the regulatory bodies will introduce more changes or provide further clarity to grey areas of regulation in the coming months – prompting more change.
- **Global impact needing flexible process:** Both Global and non-EU firms who have significant non-MiFID business are feeling the impact and a need to support a multiple model/process.

The survey gives a sound confirmation of last year's forecasts. As predicted by MPI and other market research pre-MiFID II, the volume of research being consumed and produced in the market has fallen and post implementation both sides of the market have now confirmed that there has been a notable negative impact in this area. All Brokers and Independent Research Providers have responded that they have seen their research level decrease or decrease slightly. This is confirmed by the buy side with a 67% majority saying they are taking less research. The market's move to pay for research direct from P&L has impacted consumption as predicted.

Whilst there is some relief that market participants survived the first quarter of MiFID II, the increased competition around a smaller volume of research, the likely further changes to EU rules and the global impact and need for flexibility are significant challenges for the rest of 2018. MPI see this an area ripe for improvement, flexibility, and automation which legacy processes and applications, even with larger numbers of people and ad-hoc support, cannot address.

Research Method

MPI Europe's impact survey was conducted during April and May 2018 using a poll of a list of over 6000 contacts and received responses from a cross section of Broker, Investment, Independent Research Provider, Consultancies and other professional services firms impacted by MiFID II.

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